

Push or pull? Drivers of female labor force participation during India's economic boom

Stephan Klasen (University of Göttingen) and Janneke Pieters (IZA)

Abstract

In the past twenty years, India's economy has grown at increasingly faster rates and now belongs to the fastest-growing economies in the world. This paper examines trends and drivers of female labor force participation in urban India between 1987 and 2004, using aggregate and unit level data. Our paper shows a much more nuanced picture of female labor force participation than one might expect. Recent trends in the structure of employment and real earnings suggest that at lower levels of education, female labor force participation is driven by necessity rather than improved economic opportunities. Unit level estimation results show that participation of poorly educated women is mainly driven by economic push factors and social status effects, which negatively affects employment of these women as economic conditions improve. Only at the highest education levels do we see evidence of pull factors drawing women into the labor force at attractive employment and pay conditions. This affects, by 2004, only a small minority of India's women. So despite India's economic boom, it appears that for all but the very well educated, labor market conditions for women have not improved.